

Approved 8/25/20

NEW HAMPSHIRE ELECTRIC COOPERATIVE, INC.

Minutes of the Meeting of the Board of Directors

July 28, 2020

Pursuant to proper notice duly provided to all Directors, the regular meeting of the Directors of the New Hampshire Electric Cooperative, Inc. (NHEC) was held July 28, 2020. In light of the COVID-19 pandemic and in response to Governor Sununu's Executive Order 2020-04, the meeting was conducted remotely via Zoom videoconferencing.

Directors present were Thomas Mongeon, Alana Albee, Brenda Boisvert, William Darcy, Sharon Davis, Leo Dwyer, Edward French, Carolyn Kedersha, Madeline McElaney, Jeffrey Morrill, and Daniel Senie. Others present were Steve Camerino, President/CEO; Jim Bakas, VP of Operations and Engineering; Brian Callnan, VP of Power Resources and Access; Mark Dean, Attorney; Drew Dunagin, VP of Financial Services/CFO; Steve Kaminski, Power Planning and Policy Advisor; Mike Licata, VP of Member Services/Public Affairs; Pam Ouellette, VP of Human Resources and Organizational Development; Craig Snow, VP of Energy Solutions/Facilities; Geoff Ziminsky, VP of Technology and Business Services/CIO; Kristen Taylor, Rates and Statistical Analyst; Lynne Turmel, PR/Marketing Supervisor; Josh Mazzei, Manager of Operations; Jeremy Clark, Rates and Revenue Administrator; Michael Jennings, Engineering Manager; Ken Colburn, NRECA Director for NH; Harry Viens, NHEC Member; and Sharon Yeaton, Executive Services Administrator (recording).

Chair Mongeon called the meeting to order at 8:31 a.m.

Agenda Review and Approval of Minutes

Chair Mongeon indicated that broadband will be a main priority today so he will postpone follow-up items from the Executive Committee meeting, if needed.

The minutes of the June 19, 2020, New Director Orientation meeting, the June 24, 2020, Special Meeting, the June 22, 2020, Annual Directors Meeting, and the June 30, 2020, Board meeting were reviewed. Upon motion of Mr. French, seconded by Mr. Senie, it was

VOTED: To adopt the minutes of the June 19, 2020, New Director Orientation meeting, the June 24, 2020, Special Meeting, the June 22, 2020, Annual Directors Meeting, and the June 30, 2020, Board meeting, as presented.

The June 22, 2020, Annual Member Meeting minutes were also reviewed and amended.

Vote for the motion approving minutes was unanimous.

Board Safety Moment

Mrs. Turmel presented the safety moment sharing information on the signs of a stroke.

Mr. Viens joined the meeting at 8:41 a.m.

Chairman's Report

Chair Mongeon presented the Chairman's Report, commenting on the involvement, leadership, and teamwork at yesterday's board committee meetings, discussing all of the work being done to investigate broadband on behalf of members, and cautioning directors on email communications, noting that he would email directors a copy of Attorney Dean's 2017 communication on the issue.

President's Report

Mr. Camerino presented the President's Report and addressed questions. He reviewed a dashboard of key operating metrics for safety, various financial measures, service reliability, and the Balanced Scorecard (BSC).

Mrs. Boisvert joined the meeting at 8:50 a.m.

Messrs. Camerino and Snow discussed the NHSaves Membership request, as outlined in Attachment #2 in the board packet, and addressed questions. Upon motion of Mrs. Kedersha, seconded by Mr. French, it was

VOTED: That the Board of Directors authorizes NHEC's membership in the NHSaves Association.

Vote for the motion was unanimous.

Mr. Camerino next discussed a CFC special meeting to address its proposal to amend its bylaws to accommodate virtual meetings and the need for NHEC to designate a voting delegate and alternate to vote on the matter. Chair Mongeon appointed Steve Camerino as the voting delegate and Carolyn Kedersha as the alternate.

Mr. Dunagin next provided a financial update and addressed questions. He reviewed slides on year-to-date financial results through June compared to budget, June delivery service revenue compared to budget, changes in metered load, accounts receivable aging, accounts receivable by class, and accounts receivable data.

Mr. Callnan thanked everyone for participating in yesterday's peak day event and noted that another is planned for today. He next reviewed the monthly Power Resource Variance report.

Capital Credits Methodology

Mr. Camerino confirmed that the objective today is for the board to decide on the methodology for the refund of capital credits. He provided a brief introduction and referred to the material included in the board packet.

Ms. Taylor shared a PowerPoint presentation on Capital Credits Methodology, noting that the purpose today is to provide the board with management's recommendation and make a final determination on the methodology for the retirement of capital credits. She reviewed an updated timeline to achieve a capital credits retirement in July 2021, key objectives included in the Capital Credits Policy, methodology testing results, impact on former and current members, and management's recommendation to utilize a hybrid 70% FIFO, 30% LIFO methodology.

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Directors shared their input on management's recommendation to utilize a hybrid 70% FIFO, 30% LIFO methodology.

Mr. Dwyer commented on the rate impact of the unamortized excess depreciation balance. Ms. Albee suggested it would be useful to have a presentation on how depreciation will impact capital credits in future years.

Upon motion of Mrs. Davis, seconded by Mr. French, it was

VOTED: That the Board of Directors authorizes management to proceed with preparing for the retirement of capital credits based on a 70/30 FIFO/LIFO hybrid methodology.

Mr. Camerino noted that in 2021 the board will make the determination on the final amount to be retired and direct management to proceed with all steps necessary to move forward with the retirement of capital credits.

Vote for the motion was nine in favor and two opposed, the motion carries.

Chair Mongeon thanked Ms. Taylor for her presentation and work on capital credits, as well as Messrs. Dunagin and Camerino for their efforts.

Broadband Committee Update

Mr. Morrill indicated that most of the broadband discussion will take place in executive session.

It was decided to address the NRECA Report prior to going into executive session for the broadband discussion.

NRECA Report

Mr. Colburn presented the NRECA Report, sharing highlights from his written report which was included in the board packet.

In response to an inquiry of Chair Mongeon, Mr. Colburn stated that his term as NRECA director ends at the NRECA Annual Meeting in March of 2022. He noted that the election for his successor would occur in August or September of 2021.

Messrs. Colburn, Kaminski, and Viens and Ms. Taylor left the meeting at 9:57 a.m.

Broadband Committee Update

Upon motion of Mr. Morrill, seconded by Mr. Dwyer, it was

VOTED: That the Board of Directors enter executive session for the purpose of discussion of confidential contract information and advice of counsel.

Vote for the motion was unanimous and the board moved into executive session at 9:58 a.m.

The board moved out of executive session at 11:18 a.m.

Upon motion of Mr. Senie, seconded by Mr. French, it was

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VOTED: That the Board of Directors accepts the Certificate of Organization as posted in OnBoard and directs that it be filed with the New Hampshire Secretary of State.

Mr. Dwyer suggested a little background on the reason we are adopting this Certificate of Organization.

Mr. Darcy noted that since 1998 the Co-op has acted as if it was operating under RSA 301-A, and the broad scope of the revised Certificate of Organization will allow services such as broadband and telephone services.

Mr. Morrill added that in 1998 there was a member vote to approve moving from RSA 301 to 301-A and to amend the Certificate of Organization, however the paperwork was not filed and today's action is rectifying that.

Vote for the motion was unanimous.

The meeting recessed at 11:22 a.m. and reconvened at 11:35 a.m.

Upon motion of Mr. Senie, seconded by Mrs. Boisvert, it was

VOTED: That the Board of Directors enter executive session for the purpose of discussion of confidential contract information and legal advice.

Vote for the motion was unanimous and the board moved into executive session at 11:36 a.m.

The board moved out of executive session at 12:04 p.m. Messrs. Jennings and Clark joined the meeting at this time.

Board Committees

Audit Committee

Audit Committee Chair Albee reported on yesterday's Audit Committee meeting, noting that the committee voted to recommend BerryDunn be engaged for the current year's audit. Upon motion of Ms. Albee, seconded by Mrs. Davis, it was

VOTED: That the Board of Directors approves the engagement of BerryDunn for the 2020 financial audit.

Vote for the motion was unanimous.

Audit Committee Chair Albee mentioned that the committee also recommended SMART goals.

Corporate Services Committee

Corporate Services Committee Chair French reported on yesterday's Corporate Services Committee meeting, beginning with the annual review of policies and the signatory authority list. Upon motion of Mrs. Davis, seconded by Mr. Senie, it was

VOTED: That the Board of Directors approves Board Policy B-2, Attachment B – Corporate Services Committee; Policy B-33, Equity Management Policy; and NHEC Signature Authority List, with recommended changes as presented.

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Vote for the motion was ten in favor and one abstention, the motion carries.

Corporate Services Committee Chair French next mentioned proposed changes in the Terms and Conditions, which Mr. Clark explained. Upon motion of Mrs. Davis, seconded by Mrs. Kedersha.

VOTED: That the Board of Directors authorizes management to update Terms and Conditions Section G – Disconnection for Non-payment and Section S – Regional Access Charge as proposed.

Vote for the motion was unanimous.

Corporate Services Committee Chair French indicated that the committee also recommended changes in net metering for above the cap members. Mr. Clark reviewed the two changes: 1) to set the industrial and primary exported distribution kWh credits to zero and 2) to replace the annual net metering review process with a block rate structure. Upon motion of Mrs. Davis, seconded by Mrs. Kedersha, it was

VOTED: That the Board of Directors authorizes management change rates and update Terms and Conditions Section X as recommended in the proposal on a bills-rendered basis effective September 1, 2020.

Vote for the motion was unanimous.

Committee Chair French noted that the committee also discussed SMART goals and they have been added to the Corporate Services Committee resource folder in OnBoard if anyone would like to review them.

Member Services Committee

Member Services Committee Chair Morrill reported on yesterday's Member Services Committee meeting, noting that items covered included updates on the COVID-19 member survey, energy solutions programs, the broadband survey, and capital credits communications and planning. He also noted that work is being done on SMART goals.

Executive Committee

Chair Mongeon reviewed the topics covered at the July 21st Executive Committee meeting, including discussion of Board Policy B-9 and a SWOT analysis, noting that if time permits there will be additional discussion today. He mentioned that it was also determined that the annual strategic planning discussion will be rescheduled from August to either September or October. He also stated that he is working on the SMART goals for the Executive Committee.

Updates from Other Committees

Engineering and Operations Committee Chair Senie mentioned he will be in touch with committee members for input on SMART goals and noted that the next committee meeting is scheduled for August 6th.

Mr. Callnan mentioned that the next Power Resources and Access Committee meeting is scheduled for August.

Attorney's Report

Attorney Dean advised he had nothing to report outside of executive session.

Board General Session

Board Tracking Report

Chair Mongeon noted that he would like to change the due date on item #2, Board Policies B-38 (Director Electric Accounts) and B-40 (Nominating Committee) to September.

Committee Meetings

Following is a list of upcoming committee meetings:

- Engineering and Operations Committee – August 6 at 8:30 a.m.
- Power Resources and Access Committee – August 24 at 8:30 a.m.

NHEC Foundation Report

NHEC Foundation Chair Davis drew attention to the publication on the Local Foods program in Plymouth, which was included in the board packet.

Director Expense Reports

Chair Mongeon noted that a director expense report was included in the board packet.

Additional Items

Chair Mongeon mentioned the Board Schedule of Approvals/Presentations on Pending Matters, Attachment #24 in the board packet, requesting that the schedule related to rate design be kept up to date. He also noted that he had some questions on the Budget Projections Report, Attachment #25 in the board packet, and he would follow up on that later. Mr. Camerino stated that he and Mr. Dunagin have been discussing changing the Budget Projections Report to make it more useful for the board and should have a revised report for the next quarter.

Executive Session

Upon motion of Mr. Senie, seconded by Mrs. Kedersha, it was

VOTED: That the Board of Directors move into Executive Session for the purpose of confidential discussion of legal claims/litigation/contract negotiations, and confidential personnel matters.

Vote for the motion was unanimous and the board moved into executive session at 12:28 p.m.

The board moved out of executive session at 2:29 p.m. and the meeting recessed at 2:31 p.m. The meeting will reconvene on Thursday, July 30th at 8:00 a.m.

Chair Mongeon reconvened the meeting at 8:03 a.m. on Thursday, July 30th. All those in attendance prior to the recess on Tuesday, July 28th were in attendance. In addition, Cooperative members Tim McGrath and Jerry Stringham joined the meeting.

Directors, staff, and members introduced themselves.

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Chair Mongeon noted that most of the meeting will be in executive session for discussion of confidential contract negotiations and advice from counsel. He offered guests the opportunity to make comments and Messrs. Stringham and McGrath both expressed their interest and support for pursuing broadband.

Mr. Morrill provided a brief update, advising that NHEC has submitted for CARES funding and that is just one of many vehicles. He noted that NHEC is committed to broadband long-term.

Upon motion of Mrs. Boisvert, seconded by Mr. Darcy, it was

VOTED: That the Board of Directors enter executive session for the purpose of discussion of confidential contract information and advice of counsel.

Vote for the motion was unanimous and the board moved into executive session at 8:19 a.m. Messrs. McGrath and Stringham left the meeting at this time.

The board moved out of executive session at 9:44 a.m. Mr. Stringham rejoined the meeting at this time.

Attorney Dean mentioned that he emailed the board copies of the proposed motions to call for a member vote to approve amendments to NHEC's bylaws and to call a special meeting of members. Upon motion of Mr. French, seconded by Mr. Senie, it was

VOTED: That the board call for a member vote to approve amendments to NHEC's bylaws which would facilitate the use of NHEC's ability to provide "other goods and services" and to permit the more efficient use "controlled affiliates" as those amendments have been presented and recommended at this meeting.

Vote for the motion was unanimous.

Upon motion of Mr. Darcy, seconded by Mr. Senie, it was

VOTED: That the board call a special meeting of the members to be held at 10 AM, on October 20, 2020, at the NHEC headquarters and/or remotely in accordance with existing New Hampshire emergency orders relating to the COVID-19 pandemic. The meeting shall be for the purpose of receiving the results of a member vote on proposed bylaw changes as proposed by a board vote at this meeting.

Vote was unanimous.

Mr. Dwyer explained the purpose of the proposed bylaw changes is to clean up some issues relating to the bylaws dating back 22 years and this will help us moving forward.

Chair Mongeon expressed his appreciation for all the time and effort of everyone.

Mr. Camerino echoed Chair Mongeon's appreciation and congratulated the board on the way it has addressed a 22 year old technicality to allow the Co-op to do what it needs to do as a 21st century organization.

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Upon motion of Mr. French, seconded by Mr. Darcy, it was unanimously voted to recess the meeting until Friday, July 31st at 2 p.m. The meeting recessed at 9:51 a.m.

Chair Mongeon reconvened the meeting at 2:00 p.m. on Friday, July 31, 2020. All those in attendance prior to the meeting recess on July 30th were in attendance with the exception of Mr. Ziminsky.

Chair Mongeon noted that this is a continuation of discussion of confidential topics. Upon motion of Mr. Darcy, seconded by Mrs. Boisvert, it was

VOTED: That the Board of Directors enter executive session for the purpose of discussion of confidential contract information.

Vote for the motion was unanimous and the board moved into executive session at 2:01 p.m.

The board moved out of executive session 2:48 p.m.

Upon motion of Mr. Morrill, seconded by Mr. Darcy, it was

VOTED: To pursue a broadband pilot in two towns, Lempster and Colebrook, consistent with the financials determined in executive session to allow NHEC to pursue partnerships and explore completing the pilot project.

Vote for the motion was unanimous.

Discussion ensued regarding a communications plan around broadband. Mr. Licata discussed the work currently being done to develop content for the website and mentioned that he has had conversations with a public relations firm to assist in the communications plan around broadband.

Mr. Morrill expressed his thanks and left the meeting at 3:00 p.m.

Chair Mongeon mentioned that he has been working with Mrs. Ouellette and they have selected TD Madison as the firm to work with for our search for a leader for the broadband effort.

Adjournment

Mrs. Boisvert moved to adjourn the meeting, which was seconded by Mr. Darcy. Vote for the motion was unanimous and Chair Mongeon adjourned the meeting at 3:05 p.m.

Brenda Boisvert, Secretary

A TRUE COPY ATTEST:

Thomas Mongeon, Chair of the Board